

**St. Mary Rehabilitation Working Group Meeting
10:00 – 3:00 January 25, 2006
Voting Center – Cut Bank, Montana**

Welcome and Introductions:

Members Present: Lt. Governor John Bohlinger, Randy Reed, Marko Manoukian, Dave Peterson, Randy Perez, Kevin Salsbery, Dolores Plumage, Paul Tuss, Gary Anderson, Michael DesRosier, Max Maddox, John Lacey, Paul Azevedo (DNRC project Coordinator) Larry Mires (Exec. Director) Brandi Beecher (Exec. Assistant)

Information included in meeting handouts:

- Agenda
- Draft January 10, 2006 SMWG Executive Conference Call Notes
- Draft November 22, 2005 SMWG Meeting Notes
- Draft St. Mary Authorization on St. Mary Water Supply/Milk River Project
- Draft St. Mary Authorization on St. Mary Storage Project/Milk River Project (Pick-Sloan option)
- St. Mary Working Group Income Statement & Accounting Statement
- Approved SMWG October 26, 2005 Meeting Notes
- Montana Consensus Council Evaluations & Participant Satisfaction Scorecard

Review and approve meeting agenda:

- Meeting agenda approved with the addition of reviewing the FY07 Federal Funding Request.

Review and approve November 22 meeting notes:

- Reviewed November 22, 2005 meeting notes and group approved by consensus.

Presentation of Treasure State Endowment Program Funds

- Montana Department of Commerce Director Tony Preite presented a check for \$500,000 from the Treasure State Endowment Program (TSEP) to Glacier County for the St. Mary Bridge reconstruction project. Funds will be used to match federal funding Senator Baucus secured for the bridge project.
- Preite talked about the importance of the St. Mary's system and SMRWG.
- Glacier County Commissioner Michael DesRosier and Lt. Governor John Bohlinger talked about the importance of working together and the partnership established between local, state, tribal and federal governments and the communities across the Hi-Line.
- John Tubbs also acknowledged Montana's Congressional Delegation for the federal funding allocated toward the project and the Montana Department of Transportation for taking lead on the project.

SMRWG Executive Director Position

- Executive Committee Chairman Randy Reed reported after discussion the Executive Committee decided to suggest the SMRWG contract with Two Rivers Economic Growth Inc. and have Larry Mires continue to serve as the Executive Director at \$30,000 annually plus expenses.

Approved Meeting Notes

- SMRWG talked about how the contract would continue. This is a contract position between Bear Paw Development and Two Rivers Economic Growth. Several commended Mires on his outstanding service and supported the recommendation.
- SMRWG agreed by consensus to have Bear Paw Development enter into a contract with Two Rivers and Larry Mires to continue to serve as SMRWG Executive Director at \$30,000 annually plus expenses.
- Gary A. questioned the Scope of Work. Paul A. reported the Scope of Work was updated and was approved by the Executive Committee.

Discussion on St. Mary Bridge Reconstruction

- Matt M. asked Montana Department of Transportation Representative Mick Johnson if the St. Mary Bridge will be designed for large loads. Johnson reported the St. Mary Bridge will be reconstructed to handle any legal weight limit in the State of Montana and the Department realizes that there will be several heavy loads using the bridge during the rehabilitation.
- Gary A. asked about funding for the road and right of way. The TSEP funding will be used for the bridge and approach, because the State funding provides match to the Federal Transportation Bill allocation. Johnson reported Right of Way is being discussed and everyone seems to be working together, but it has not been agreed upon. MDT is prepared to buy Right of Way for the approaches and bridge as soon as the locations are determined.
- Randy R. questioned when the bridge would be built. Johnson reported MDT is in process of working on engineering and feels optimistic that the bridge may go to construction in 2008.
- Terry Zontack reported BOR and the BIA will meet next week to start working on Right of Way issues.

Review of Fiscal Year 2007 Appropriation Request

- Paul A. reported the FY07 Appropriation request must be turned into US Senator Burns' office by end of January.
- SMRWG discussed two draft versions:
 - 1) Requesting funding of \$10,000,000 for a two year feasibility study suggested by BOR Commissioner Keys. The study would include Federal Water Right Compacts, International Apportionment, Engineering & Environmental Compliance and Comprehensive Basin Analysis.
 - 2) Request funding of \$12,250,000 for following:
 - #1 Environmental Impact Statement on St. Mary Diversion Facility
 - #2 Engineering services on St. Mary Diversion Facility
 - #3 Blackfeet participations in Cultural & Environmental Review
 - #4 Milk River Project Infrastructure Investigation
 - #5 Blackfeet Irrigation Project Investigation
 - #6 Blackfeet Vocational Training.

Approved Meeting Notes

- DNRC representatives advocated for moving the project forward with the St. Mary Rehabilitation Authorization and Version #2 because engineering reports predict the current system will fail.
- Lt. Governor Bohlinger brought up a white paper drafted by BOR for US Senator Burns' office. The white paper cites that DNRC and State of Montana wants about \$130 Million to reconstruct three facilities. John Tubbs talked about the Dry Prairie and Rocky Boy's North Central Montana project as two other projects within Montana. The Dry Prairie and Rocky Boy's projects are very different than St. Mary's because they are new Community water projects. St. Mary's needs new authorization to change who will pay for the rehabilitation of the project.
- Randy R. commented the need continue to move the project forward, fix the problems and address the issues as the project moves forward.
- Paul T. questioned Blackfeet Irrigation project Investigation included in request. Tubbs said the request was included in response to Commissioner Keys request.
- Randy P. commented how Fort Belknap Tribes were not included in any of the funding request and should be included. Suggested adding \$600,000 to \$1,000,000 for feasibility study of Fort Belknap Rural Community Water System. John Tubbs will work with Fort Belknap Tribes to come up with a request.
- Dolores P. asked how all of these items were included in our request and is the SMRWG authorized to request funding for Tribes? Cautioned that each request should be documented, need to establish protocol and any entity should make a formal request to the SMRWG before included in appropriation request.
- SMRWG discussed FY07 Appropriations request. John T. explained each request:
 - #1 Environmental Impact Study required for St. Mary Rehabilitation Project.
 - #2 Engineering services based on engineering work needed before final design is completed.
 - #3 Cultural & Environmental Review was brought forward last year with a formal request from the Blackfeet Tribe.
 - #4 Milk River Project Infrastructure Investigation includes infrastructure study of the entire basin, including municipal diversion dams.
 - #5 Blackfeet irrigation was brought forward to investigate potential.
 - #6 Blackfeet request for vocation training to train tribal members for potential jobs created by the St. Mary Rehabilitation.
- Matt M. suggested further studies would put off engaging the problem. Not sure how irrigator's will afford the rehabilitation, but need to continue working on the project and work through the issues. Also agreed with Dolores, that any type of funding appropriation request must have written documentation.
- Lenny Duberstein said the BOR has same goal as the SMRWG to get the project rehabilitated, but seeing how the goal is completed is very different. Duberstein said the St. Mary System is considered an irrigation project, so BOR feels that a complete feasibility study with NEPA compliance will be required prior to requesting Congressional authorization of the project.
- Kent Heidt said some projects were authorized without the NEPA compliance, however most were pre-1970 or rural water projects.

Congressional Delegation Reports

- US Representative Denny Rehberg's Representative Mike Waite reported he will be moving to Rehberg's Helena office, but will continue to be engaged with the project. Seth Brewster will be working out of the Great Falls Office. All of the FY 07 requests will be web based.
- US Senator Conrad Burns's Representative Sara Converse suggested always elevate any Congressional Appropriations request, because the requests will be cut. Also suggested moving forward with the full authorization request and reminded group the appropriations request must be in by January 31 deadline.
- US Senator Max Baucus's Representative Kristina Davis reported Baucus is committed to the project and will continue to explore avenues to get funding for the rehabilitation.

FY07 Appropriations Request Discussion

- SMRWG discussed appropriation request. Several agreed need to move forward with project, and environmental study is included in Version #2.
- SMRWG voted thumbs down against FY07 Version #1, requesting funding for only EIS.
- SMRWG agreed by consensus to submit FY07 Appropriations request Version #2.
- SMRWG agreed by consensus FY 07 Appropriations Request Version #2 should read Milk River Basin instead of Milk River Project and #7 should be added requesting appropriations for the Fort Belknap Rural Water Supply Investigation.
- Randy P. will submit formal request from Fort Belknap Tribes to SMWG by January 31, 2005 deadline.

Phase 2 Draft Engineering Report

- Erling Juel of TD& H gave presentation on St. Mary Diversion Facilities feasibility and Preliminary Engineering Report.
- Report analyzed several alternatives to rehabilitating the St. Mary System, including a tunnel under Duck Lake, and an all Canadian system (diverting the water through Canada rather than across the Blackfeet Reservation).
- Average US water apportionment is 246,245 acre feet and average diversion is 175,340 acre feet. Seepage losses are about 100 cfs, which far exceeds the inflows and runoff. Inflows into the canal will have impacts on the final design.
- Next steps include continuing monthly slope inclinometer and piezometer readings, completing slope stability computer modeling and analysis, finishing topo survey, , initiate environmental compliance, perform detailed geotech survey and continue to study the 15 areas of instabilities identified by BOR, and the feasibility of hydropower.
- Copies of the report were distributed to SMRWG members and comments must be submitted to Paul A. by February 8.
- DNRC will distribute copies of Economic Report to SMRWG members.

Review of Authorization Language

- Kent Heidt reported on two versions of draft authorization. Explained purpose of authorization is to have the ability to spread rehabilitation costs to all water users, not just the irrigators.

Approved Meeting Notes

- SMRWG discussed the draft authorization, including concerns about operations and maintenance of the project and how the Pick-Sloan version has the potential to make repayment after a period of time.
- Mike Dailey will hold a Legislative Sub-Committee meeting in Malta and will provide comments to Kent H. Kent will include the comments in the next draft of authorization legislation available at the next SMRWG meeting.
- Randy R. questioned the potential for authorizing the project under the Pick-Sloan Missouri River Basin Act. John Tubbs informed the group that a meeting has been set up to meet with the Montana Electric Cooperative Association to discuss the potential of authorizing the project under Pick-Sloan .

Executive Director's Report

- Larry M. reported Family Farm Alliance and National Water Resources Association will be meeting in Washington, D.C. on March 6-8.
- SMRWG approved sending Larry M. Randy R. and John Tubbs to attend March 6-8 meetings.
- Larry M. reported that he is planning on attending Family Farm Alliance Meeting in Las Vegas, NV on March 2-3.
- Larry M. also reported the National Water Resource Association conference will be held on April 1-3 and suggested SMRWG should send several to the conference.
- John T. added during the next meeting the SMRWG needs to agree on a solid authorization proposal

Working Group Member Comments

- Gary A. reported the Fundraising Committee will send out a follow-up letter requesting donations to the SMRWG.
- Gary A. also questioned SMRWG meeting notes from June 2005. Paul A. said he will get the minutes out from the June meeting, and work with Larry and Brandi to make sure all of the SMRWG meeting notes are available.

Public Comment Period

- Erling Juel commented that right of way negotiations need to begin soon.
- Ron Crossguns commented as a BIA employee he has started to review the access route and has been taking today's data and comparing it to the 1914 data. The channel data seems to be close to the same, however there are new owners of Trust Lands. The Trust Lands will require a grant of easement instead of the purchase of right of way. Reminded SMRWG that the project will have to go through BIA on Trust Lands and environmental requirements may be different, for example; may not need an Environmental Impact Statement, and may get by with Environmental Assessment or even a categorical exclusion. Also questioned who would own the system, where would the system begin, what about compensation to the Blackfeet Tribe for the 100 years of use and future compensations?

Approved Meeting Notes

Meeting Agreements

- SMRWG agreed by consensus to have Bear Paw Development enter into a contract with Two Rivers and Larry Mires to continue to serve as SMRWG Executive Director at \$30,000 annually plus expenses.
- SMRWG agreed to by consensus to submit FY07 Appropriations request Version #2.
- SMRWG agreed by consensus FY 07 Appropriations Request Version #2 should read Milk River Basin instead of Milk River Project and #7 should be added requesting appropriations for the Fort Belknap Rural Water Supply Investigation.
- SMRWG approved sending Larry M. Randy R. and John Tubbs to attend March 6-8 meetings.

Action Items

- Paul T. and Larry M. will complete the contract between Bear Paw Development and Two Rivers Growth for the Executive Director services.
- SMRWG must submit comments to Paul A. on the TD & H studies by February 8.
- Mike Dailey will coordinate meeting of authorization sub-committee and get comments to Kent Heidt prior to next meeting.
- Larry M. and John T. will meet with the Montana Electric Cooperative Association in February.
- Randy P. will make formal appropriations request for the Fort Belknap Tribe by January 31 deadline.
- DNRC will distribute economic report.
- DNRC will provide comments to Kent Heidt on the Authorization language.
- Paul A. Larry M. and Brandi B. will audit SMRWG meeting notes.

Next Meeting

- February 22 in Havre.